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CALIFORNIA CANTALOUP-MARKETING CHANNELS AND FARM TO RETAIL MARGINS

1949 Season

Jerry Foytik

CALIFORNIA AGRICULTURAL EXPERIMENT STATION
GIANNINI FOUNDATION OF AGRICULTURAL ECONOMICS

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University of California
Division of Agricultural Sciences
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Davis, California

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FOREWORD

This report, on the marketing of cantaloup produced and consumed within California, is sixth in a series on the distribution channels and marketing margins involved in moving fresh fruits and vegetables from producing areas to the housewife. The study is one phase of a larger investigation aimed at providing a basis for possible improvements in marketing fresh fruits and vegetables.1/

The data used for the report were collected by field visits during the 1948 and 1949 seasons. The over-all study was jointly undertaken in 1948 by the California Agricultural Experiment Station, the California Farm Bureau Federation, and the former Bureau of Agricultural Economics (now in large part in the Agricultural Marketing Service) of the United States Department of Agriculture.

Alex Johnson of the California Farm Bureau, Wendell H. Calhoun and D. B. DeLeach of the Bureau of Agricultural Economics, and Harry R. Wellman and Sidney S. Hoos of the Giannini Foundation participated in planning the over-all investigation and made helpful criticisms and suggestions throughout the study. During its earlier phase the project was under the supervision of Walter D. Fisher, who had responsibility for directing the field work, editing the interview schedules, and preparing the statistical tabulations and summaries.

H. Fisk Phelps, Willard F. Williams, Robert V. Enochian, and George A. Jackson, Jr., all jointly employed by the cooperating agencies, and Eldon Dye, Ralph Rush, and Irwin Rust of the California Farm Bureau were responsible for establishing and maintaining contacts with the trade and collecting and editing the statistical data. The voluminous statistical calculations were performed at Davis, largely by Anita Deming, Shirley Lichtenstein, Charlotte Materna, and Bernice Pfanner.

Finally, this study would have been impossible without the active cooperation of the retail store managers, producer dealers, packers, and growers throughout California who generously furnished the detailed information requested on prices and sources of supply.

1/ Previous reports were on:
Fresh Tomatoes, Report No. 113 (June 1951 by W. D. Fisher)
Thompson Seedless Grapes, Report No. 115 (June 1951 by Jerry Foytik)
Asparagus, Report No. 116 (June 1951 by Jerry Foytik)
Celery, Report No. 117 (June 1951 by Jerry Foytik)
Carrots, Report No. 118 (July 1951 by Jerry Foytik)

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CALIFORNIA CANTALOUP: Marketing Channels and Farm-to-Retail Margins, 1949

by

Jerry Foytik 1/

INTRODUCTION

Although eastern markets constitute the major outlet for the California cantaloup crop, about one-fourth is sold within the state. Little cantaloup comes into the state. Thus consumption in California is practically limited to cantaloup grown within the state. This volume is an important portion of the total supply of California-grown fresh fruits and vegetables sold locally. As in the case of other fresh fruits and vegetables, a variety of marketing methods are employed in moving cantaloup from the producer to the housewife.

The major findings of the study are:

1. California cantaloup sold fresh in local retail stores come chiefly from Imperial Valley until mid-July. Later the principal sources of supply are Los Angeles County and the South San Joaquin Valley, although appreciable quantities come from more northerly producing areas.

2. Cantaloup are marketed primarily by going from producers to wholesalers to retailers. Appreciable quantities, however, are handled by packers before reaching wholesalers or by truck-jobbers on the way from wholesalers to retailers. Very little is handled by truckers or is sold directly by producers to retailers.

3. The retailer's source of supply varies principally with geography and size of city. Small-city retailers obtain more than half of their cantaloup from wholesalers in neighboring large cities; one-third from producers, packers, and truck-jobbers; and 10 per cent from small-city wholesalers. Retailers in large cities (except those in the Central Valley early in the season) secure almost their entire supply from nearby wholesalers.

1/ Associate Professor of Agricultural Economics and Associate Agricultural Economist in the Agricultural Experiment Station and on the Giannini Foundation of Agricultural Economics, University of California, Davis, California.

4. Retailers in Southern California obtain almost their entire supply of early cantaloup and two-thirds of the volume after mid-July from producing areas in the southern part of the state. Northern California retailers are supplied from producing areas located further north as soon as cantaloup from these areas are ready for marketing.

5. Losses from physical waste and spoilage average 2.7 melons per crate of 32.7. Thus, about 8.3 per cent of the quantity shipped from producing areas is discarded without reaching consumers.

6. Retailing contributes an important part of the cost of moving cantaloup into consumption. About 32 cents of the retail dollar go to cover the retailer's margin--including an allowance for spoilage occurring anywhere within the distributive system but discarded at the retail level.

7. The pre-retail margin is 39 cents of the retail dollar--8 cents goes to packaging, 10 to transportation, and 21 to wholesaling.

8. Thus about 29 cents of the consumer's dollar remain for the grower to cover the costs of producing, harvesting, and field packing cantaloup.

9. Variations among stores as to spoilage loss, retail margin, and consumer price are partly explainable by differences in location, size, and type of store. Generally, retail margins and consumer prices were higher in Southern California, in small stores, and in small cities. Spoilage losses were lower for the first two categories, but higher for the third.

The information presented is based upon material collected on visits to selected retail stores during the period June-September.[1/] Retailers selected were California independent and local chain stores west of the Sierra Nevada mountains. This excluded restaurants, farmers' roadside stands, all national chain stores, and the retail stores in Alpine, Mono, and Inyo counties.

A sample of 66 stores in the more densely populated and accessible areas of the state were visited semi-monthly during the period June to September--a total of 8 times. During July and September 117 stores in

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1/ The field survey was made in August and September of 1948 and June and July of 1949.

relatively remote regions were visited twice. In about 75 per cent of the visits to these stores cantaloup was on display and satisfactory data could be obtained. Thus 576 usable field interview schedules were secured--388 for Northern California and 188 for Southern California--representing a volume of approximately 9,300 crates.

The basic procedure for establishing the facts regarding movement of produce and costs of distribution was to trace each lot of cantaloup from the retail store back to the original producer. At each point in the distributing system prices and sources of produce were noted. In addition, the retail proprietor or store manager was asked: "How many pounds were thrown away last week due to waste and spoilage?" and "What amount was sold last week?" The answers supplied information on spoilage loss and the weight to be attached to each store in computing certain weighted averages. Geographical location, city size, store size, and store type formed the basis for classifying the original schedules into the various subgroups by which the data were summarized.

The first section of this report begins with the marketing channels involved in bringing cantaloup from producers to consumers, and continues with the dealers handling cantaloup within the distributive system and the geographic paths along which supplies move. The second section deals with the farm-to-retail margins incurred. The major cost components and further information on retail and pre-retail margins are included.

The concluding section consists of two appendices: Appendix A describes the store sample selected, the method followed in collecting the data, and the weighting system used in merging the data from individual schedules to provide reliable averages of spoilage losses, margins, prices, etc. This appendix also presents additional detail about distribution channels and marketing costs. Appendix B defines the geographic areas, dealer types, and store types adopted for the study.

CHANNELS OF DISTRIBUTION

A description of the channels through which cantaloup, as well as other commodities, flow from producers to consumers deals with two separate activities. Produce is first brought together from many producers by various dealers and then dispersed among numerous retail outlets, where housewives make their purchases. Produce also moves from producer to consumer along a variety of geographic paths.

Dealer Types.--Figure 1 shows the relative importance of the different dealer types handling California-produced cantaloup sold through California retail stores (exclusive of national chains). The information is shown separately for the northern and southern parts of the state, as divided by the Tehachapi Mountains. Grower-shippers[1/] handle approximately 45 per cent of the cantaloup sold at retail in both Northern and Southern California. Other producers (including grower-associations) handle the remaining produce.

The principal channel for marketing cantaloup is from producer through wholesaler to retailer. Much of this volume, especially in Southern California, passes through packers on its way to the wholesalers. Additional quantities are handled by truck-jobbers[2/] before reaching retailers. Almost three-quarters of the cantaloup consumed within the state are sold by producers to wholesalers. Wholesalers supply 75 per cent of the cantaloup handled by retailers in Northern California and over 85 per cent in Southern California.

Packers[3/] receive almost one-quarter of the cantaloup sold by producers in Southern California and 15 per cent in the north. A substantial proportion of the cantaloup sold at retail in California is handled by truck-jobbers--about 20 per cent in the north and 9 per cent in the south. Truckers[4/] are insignificant in the distributive system used for moving cantaloup from producers to retailers. Direct

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1/ Grower-shippers are producers who operate permanent packing sheds and grow at least half of the produce packed in these sheds.

2/ Truck-jobbers generally buy a wide variety of items from wholesalers and resell to retailers along a regular truck route.

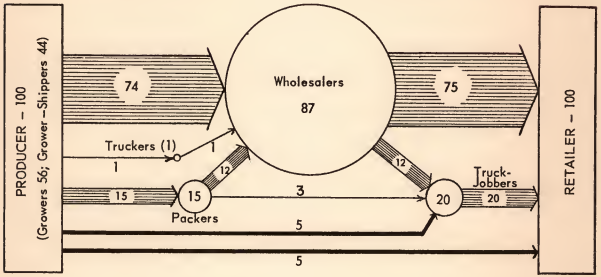
3/ A packer is defined to exclude producers who do their own packing. See Appendix B.

4/ Truckers usually buy a few commodities in the producing areas and resell them to other dealers or to retailers.

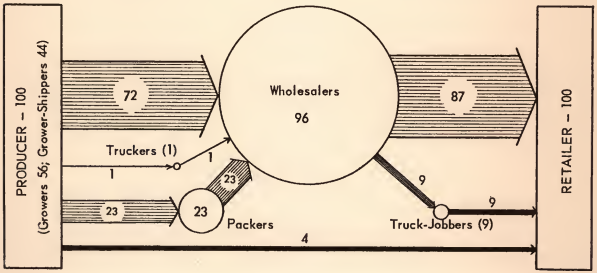
FIGURE 1

Marketing Channels for Cantaloup
Northern California and Southern California, 1949 Season

Northern California



Southern California



(Note: All figures expressed as percent of total volume sold at retail)

marketing, representing sales made by producers to retailers, is negligible--less than 5 per cent of the total volume.

Retailers' sources of cantaloup vary with season, size of city, and geographic location of a store. Data revealing these differences are summarized in table 1.

Early in the season, when supplies come primarily from Imperial and Riverside counties, large-city retailers get almost all their cantaloup from wholesalers. Small-city retailers, however--especially those located in Northern California--get substantial quantities from truck-jobbers. These dealers supply over half the cantaloup sold by retailers in small cities of Northern California, and 10 per cent of the cantaloup sold by small-city retailers in the south. Retailers receive only a negligible quantity of their cantaloup directly from producers and packers prior to mid-July.

Later during the season, when the South San Joaquin Valley is the major source of cantaloup supplies, an appreciably different channel is used. Retailers throughout the Central Valley area get almost one-third of their cantaloup from producers and packers. Such direct receipts are negligible in the rest of the state, except for retailers in small cities of Southern California. Truck-jobbers handle a much smaller proportion of the supply for retailers in the Central Valley than earlier in the season but approximately the same volume as previously for retailers located elsewhere within the state. These dealers supply an important volume of cantaloup, particularly to small-city retailers in Northern California. Wholesalers in small cities handle a larger volume than earlier in the season, primarily because these dealers furnish small-city retailers in Coastal Northern California with one-fourth of their cantaloup at this time of the year.

In summary, from June 1 to July 15 wholesalers furnish large-city retailers with about 97 per cent of their cantaloup, and small-city retailers with smaller proportions: about 90 per cent in Southern California and 50 per cent in Northern California. The percentages are about the same after mid-July except for a sharp reduction in the larger cities of the Central Valley. Most of the produce moving from wholesale markets to retail stores comes directly from large-city wholesalers. In the case of small-city retailers, particularly those

TABLE 1

Retailers' Source of Cantaloup, by Dealer Types, a/
California, 1948 and 1949 Seasons

Retail store location b/	Producers and packers	Truckers and truck-jobbers c/	Wholesalers in Large cities	Wholesalers in Small cities
1	2	3	4	5
	June 1-July 15: per cent of all dealer types			
Southern California				
Large cities	0	2.0	98.0	0
Small cities	0	10.4	80.8	8.8
All cities	0	4.9	92.0	3.1
Central Valley				
Large cities	0	2.6	97.4	0
Small cities	0	55.1	34.6	10.3
All cities	0	45.6	46.0	8.4
Coastal Northern California				
Large cities	3.7	0.1	96.2	0
Small cities	0	48.9	51.1	0
All cities	2.3	18.8	78.9	0
California				
Large cities	1.3	1.4	97.3	0
Small cities	0	35.4	57.7	6.9
All cities	0.7	16.4	79.8	3.1
	July 16-Sept. 30: per cent of all dealer types			
Southern California				
Large cities	0.1	3.8	96.1	0
Small cities	9.1	6.5	80.6	3.8
All cities	3.2	4.8	90.7	1.3
Central Valley				
Large cities	27.4	3.8	68.8	0
Small cities	30.7	19.9	35.6	13.8
All cities	30.1	17.0	41.6	11.3
Coastal Northern California				
Large cities	0.1	10.9	89.0	0
Small cities	1.0	37.2	36.9	24.9
All cities	0.4	21.0	69.0	9.6
California				
Large cities	1.7	6.2	92.1	0
Small cities	14.0	19.1	54.1	12.8
All cities	7.1	12.0	75.3	5.6

a/ Classification of persons from whom retailers purchased their supplies.

b/ See figure 2 for geographic distribution of survey cities and Appendix B for definition of city size.

c/ Almost the entire quantities indicated are received by retailers from truck-jobbers.

located in Northern California, an appreciable portion of the cantaloup secured from wholesalers comes from those located in small cities. These wholesalers do not appear to provide any of the cantaloup retailed in large cities.

From June 1 to July 15 producers and packers sell few cantaloup directly to retailers. After mid-July they furnish 30 per cent of the cantaloup retailed in Central Valley, 10 per cent of the quantity sold by small-city retailers in Southern California, and small quantities for other retailers. Truck-jobbers supply large-city retailers with about 4 per cent of their cantaloup and small-city retailers with larger proportions: 8 per cent in Southern California and about 40 per cent in the north.

Geographic Movement.--The production of California cantaloup is largely confined to the Imperial and South San Joaquin valleys. Some 5.4 million crates (190,000 tons) were produced in 1948 from 45,000 bearing acres.1/ The spring crop, 40 per cent of the annual production, is grown in Imperial County and the adjoining area of Riverside County. Almost half (47 per cent) of the acreage in mid-summer cantaloup is in Fresno County; one-fourth in Merced and Stanislaus counties; 15 per cent in San Joaquin, Tulare, and Kern counties; and 13 per cent in other parts of the state. Table 2 summarizes these bearing-acreage data on a county basis.

Figure 2 shows the geographic distribution of survey cities and producing areas. That information is relevant to the following discussion of the geographic movement of produce for fresh sale to each of three major subdivisions of the state. One must bear in mind that more than three-quarters of the California cantaloup crop is shipped to eastern markets and the actual geographic movement of supplies within the state may therefore be substantially different from the pattern suggested by the data of table 2.

Because of the local nature of production, the general geographic movement of California cantaloup sold at retail within the state is

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1/ The 1948 crop is fairly representative of the geographic distribution of cantaloup production in California during recent years. In Arizona the 1948 crop was harvested from 12,600 acres planted in Yuma and 12,100 acres in the balance of the state. Few of these cantaloup are sold in California.

TABLE 2

Bearing Acreage of Cantaloup[a], by Counties, California, 1948

County	Acres
Fresno	13,400
Merced	4,750
Stanislaus	2,600
Tulare	1,600
Kern	1,400
San Joaquin	1,000
Other Northern California	1,900
Imperial [b]	14,770
Riverside [b]	2,330
Los Angeles	1,500
Other Southern California	250
Total	45,500

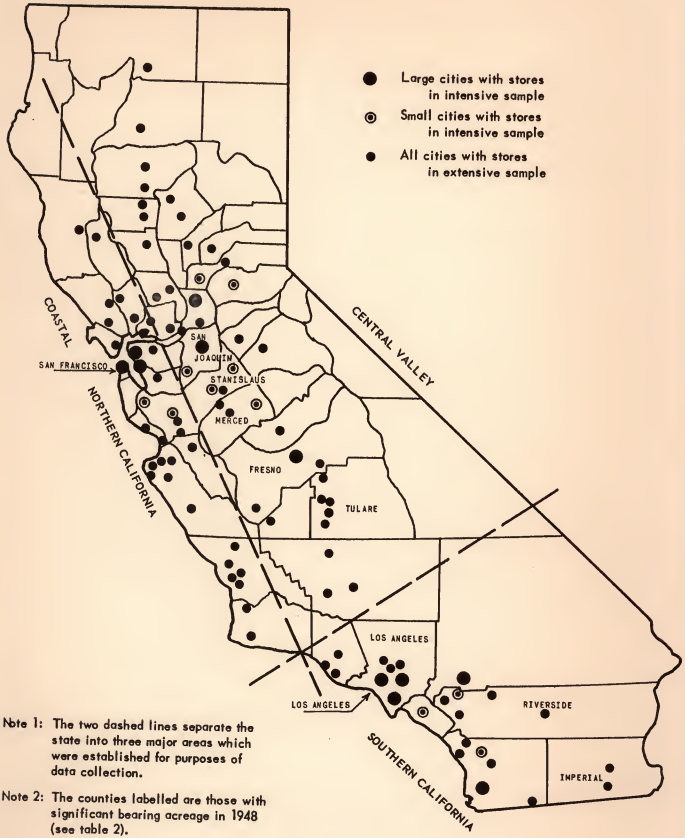
a/ Includes Casaba and Cranshaw melons but excludes Honeyballs and Honeydews.

b/ Almost all the supply from Imperial and Riverside counties is marketed before that coming from other areas. This entire quantity, except for 300 acres in Riverside, is classified as spring cantaloup.

Source: California Crop and Livestock Reporting Service, "Vegetable Crops in California," May 1950.

FIGURE 2

Geographic Distribution of Survey Cities and Producing Areas



Note 1: The two dashed lines separate the state into three major areas which were established for purposes of data collection.

Note 2: The counties labelled are those with significant bearing acreage in 1948 (see table 2).

largely from Imperial Valley until mid-July and from the San Joaquin Valley during the remainder of the season. Actually an important question requires study: "How does produce reach retailers?" That is, there needs to be some indication as to the relative importance of the various producing areas from which retailers obtain produce. Data showing the ultimate producer sources of cantaloup are summarized in table 3. This information is given separately for the early and late parts of the season--corresponding roughly with the spring and mid-summer crops.

These data indicate that cantaloup grown in the southern producing areas tend to move to retailers in Southern California while those produced further north are sold in retail stores of Northern California. As the season advances and the source of supply shifts there is, of course, a change in the relative importance of the various producing areas from which retailers in the major consuming markets secure their supplies.

Until about mid-July the produce comes mainly from Imperial Valley. Small-city retailers in Southern California, however, receive about two-thirds of their cantaloup from other producing areas in Southern California. Early supplies from South San Joaquin Valley are sold almost exclusively through stores located within the Central Valley. These quantities constitute almost 40 per cent of all cantaloup sold in this area during the early part of the season.

Later in the season the mid-summer crop, produced in areas other than Imperial Valley, moves to market. Produce originating in Southern California is sold by retailers in this part of the state. Since this supply is inadequate, additional quantities (about 40 per cent of total sales) are secured from more-northerly producing areas. Northern California retailers secure their supply principally from northern producing areas: only a very small quantity (2 per cent) comes from the south.

TABLE 3

Retailers' Source of Cantaloup, by Producing Areas a/
California, 1948 and 1949 Seasons

Retail store location b/	Imperial and Riverside counties c/	Other Southern California	South San Joaquin Valley	Other Northern California
1	2	3	4	5
	June 1-July 15: per cent of all producing areas			
Southern California				
Large cities	90.7	0	2.5	6.8
Small cities	36.3	63.7	0	0
All cities	71.8	22.1	1.7	4.4
Central Valley				
Large cities	66.7	0	33.3	0
Small cities	60.0	0	40.0	0
All cities	61.2	0	38.8	0
Coastal Northern California				
Large cities	85.9	0	14.0	0.1
Small cities	89.6	0	0	10.4
All cities	87.3	0	8.6	4.1
California				
Large cities	87.7	0	8.2	4.1
Small cities	58.4	25.7	13.1	2.8
All cities	74.7	11.4	10.4	3.5
	July 16-Sept.30: per cent of all producing areas			
Southern California				
Large cities	1.2	64.1	28.8	5.9
Small cities	0.2	56.8	43.0	0
All cities	0.9	61.6	33.7	3.8
Central Valley				
Large cities	0	0	47.8	52.2
Small cities	0	3.1	33.9	63.0
All cities	0	2.5	36.4	61.1
Coastal Northern California				
Large cities	0.9	0	67.4	31.7
Small cities	2.9	0	52.7	44.4
All cities	1.7	0	61.7	36.6
California				
Large cities	1.0	38.5	43.1	17.4
Small cities	0.9	23.9	42.6	32.6
All cities	1.0	32.0	42.9	24.1

a/ Classification of areas purchasing the cantaloup ultimately sold at retail.

b/ See figure 2 for geographic distribution of survey cities and Appendix B for definition of city size.

c/ Includes supplies from Yuma, Arizona. These cantaloup, shipped during June 1-July 15 to large cities in Southern California, represent 5.7 per cent of the supply received by these retailers prior to mid-July.

FARM-TO-RETAIL MARGINS

The producer, the retailer, and any intervening dealer each receives a portion of the final price paid by the housewife for cantaloup. Certain physical losses through wastage and spoilage are incurred during the process of moving produce from producer to consumer. Both of these aspects of the distributive problem are to be considered briefly below.

In this description the term "margin" refers to the difference between the price paid by a handler for produce (delivered to his premises) and the price received by the same handler (f.o.b. his premises). If the handler performs the transportation function, an estimate for the cost is deducted. Thus "margin" refers to the charges made—rather than the sum of expenses incurred for labor, rent, depreciation, etc.

Main Cost Components.--California consumers paid an average price of 13.7 cents per cantaloup purchased at retail during the survey period. Almost one-third of the consumer's dollar was accounted for by the retailer's margin--to reimburse the retailer's expenses and to compensate for spoilage occurring anywhere within the distributive system but discarded at the retail level. Another 40 per cent covered all other distributive charges incurred in packing, transporting, and wholesaling. The some 30 per cent remaining was returned to growers to cover their production and harvesting costs.

The average crate leaving the farm contained 32.7 melons, including 30.0 cantaloup sold to consumers and 2.7 non-salable at retail because of spoilage. The spoilage loss includes both cantaloup thrown away during unpacking and those later spoiled or damaged in the store. The wasted produce is not deducted from the retailer's purchases in figuring his margin, and must therefore be considered as a retailing expense.

Of the pre-retail distribution margin, somewhat over half (53 per cent) consisted of charges for "packing and container." This item includes the costs of container, hauling to the packing shed, packaging (whether by packer or by grower), and net profit to the packer. About one-fifth (21 per cent) was accounted for by the "wholesaling margin," which includes all charges, fees, commissions, and net profits by the dealers between packer and retailer. "Transportation"--approximately

one-quarter (26 per cent) of the pre-retail marketing charges--is considered as a separate item regardless of who performs the function.

"Farm price" is the residual obtained by subtracting the retail and pre-retail margins from the price charged consumers. It is specified at the farm gate in order to include the amount received by growers for harvested but unpacked cantaloup. When field packing was performed, however, these packing costs were included in the farm price.

Distribution of consumers' expenditures among these cost categories is pictured in figure 3. The three blocks (proportional to the percentage distribution of the retail price) on the left indicate the major recipients of the consumer's expenditure ($4.12) for a crate of cantaloup leaving the farm. The physical distribution of these 32.7 melons between the housewife and the garbage can is shown on the right.

The data used in constructing figure 3 are presented in table 4. From the average crate 30.0 melons (91.7 per cent of the original crate) were sold at retail for 13.7 cents per melon and 2.7 melons (8.3 per cent) were unsalable due to spoilage. In other words, one melon must be discarded by the retailer for every twelve he sells to his customers. The retail value of the 30.0 melons sold to consumers ($4.12) is prorated between actual sales (91.7 per cent) and spoilage waste. The last column shows the percentage distribution of total costs incurred in moving one crate of cantaloup through the entire channel from producer to housewife. These figures correspond to "per cent of the consumer's dollar" as used by the Agricultural Marketing Service, U.S.D.A.

Retail Margins.--As might be expected, there is considerable variation among stores as to retail margins, spoilage losses, and consumer prices. Appendix table A-3 presents these data for the survey stores, classified according to geographic location, store size, and store type. Comparable data for selected broader store groupings are summarized in table 5. Examination of this information indicates that location, size, and type of store provide only a partial explanation for differences in margins, spoilage, and prices.

Retail margins are usually higher in Southern California, in large cities, and in independent stores than in Northern California, smaller cities, and local chain stores, respectively. Losses in waste and spoilage tend to be higher in small cities, small stores, and independent

FIGURE 3

Distribution of Total Retail Value of Cantaloup
California, 1949 Season

FARM RECEIPTS
For each crate the grower receives
$1.18

PRE-RETAIL MARGIN
For packaging, transporting, and wholesaling
$1.63

RETAIL MARGIN
To cover costs and spoilage
$1.31

Total retail value per crate $4.12

From the average crate

91.7% goes to consumer

8.3% goes to garbage can

2.7 melons entering the retail store are, or become, unsalable due to spoilage

30.0 melons entering the retail store are sold at 13.7 cents per melon (for a retail value of $4.12)

TABLE 4

Main Cost Components for Cantaloup, California,
1948 and 1949 Seasons

Item	Costs for 30.0 melons sold at retail (91.7 per cent of the original crate)	Costs for 2.7 melons not sold due to spoilage a/ (8.3 per cent of crate)	Total costs (32.7 melons leaving the farm and 30.0 melons sold at retail)	Percentage distribution of costs for 32.7 melons leaving the farm
1	2	3	4	5
	dollars per crate (of 32.7 melons) leaving the farm			per cent
Farm price (at farm gate) b/	1.082	.098	1.18	28.6
Packing and container	.789	.071	.86	20.9
Transportation	.394	.036	.43	10.4
Wholesaling margin	.312	.028	.34	8.3
Preretail margin	1.495	.135	1.63	39.6
Retail margin	1.201	.109	1.31	31.8
Total	3.778	.342	4.12	100.0
Retail price (cents per melon) c/			13.7	

a/ Physical losses through waste and spoilage.

b/ Includes harvesting costs but excludes packing cost unless performed in the field.

c/ Retail price to the consumer: Total cost ($4.12) divided by volume of sales (30.0 melons).

TABLE 5

Spoilage Loss, Retail Price, and Retail Margin for Cantaloup Sold at Retail, by Selected Store Groupings, California, 1948 and 1949 Seasons

Store type and area a/	Store visits b/	Volume reported c/	Average spoilage loss d/	Average retail price	Retail margin	
					average e/	as per cent of price f/
1	2	3	4	5	6	7
	number	crates	per cent	cents per pound		per cent
All store types						
California	576	9,329	8.3	13.7	4.4	32
Southern California	188	4,765	8.4	13.9	4.9	35
Northern California	388	4,564	8.2	13.6	3.8	28
By store types (all California)						
Credit-delivery stores	272	2,524	8.0	14.3	4.0	28
Cash-carry stores	304	6,805	7.7	13.2	4.6	35
Large stores	384	8,385	7.2	13.4	4.5	33
Small stores	192	944	9.6	14.1	4.3	30
Stores in large cities	292	6,357	7.5	13.6	4.8	35
Stores in small cities	284	2,972	9.4	13.9	3.9	28
Metropolitan Los Angeles and San Francisco g/						
Credit-delivery stores	78	1,183	7.6	14.6	4.7	32
Cash-carry stores	146	4,502	8.2	13.0	4.5	35
Sacramento, Stockton, and Fresno						
Large fruit and vegetable stores	9	88	9.8	18.8	5.9	31
Large grocery and small stores	59	584	5.5	14.0	3.9	28
Small cities (all store types)						
Southern California	61	1,285	10.5	13.3	4.3	32
Northern California	223	1,687	8.8	14.2	3.6	25

a/ See Appendix B for definitions of store types and areas.
b/ Number of usable field schedules collected on separate visits to retail stores (excluding reports with inadequate data and visits which indicated that no cantaloup were sold).
c/ Quantity sold during the "last week" (i.e., the week prior to the date of fieldman's visit).
d/ Proportion of cantaloup thrown away during the week due to waste or spoilage.
e/ Difference between the retail selling price and the retailer's purchase price.
f/ Computed from unrounded data and may differ from Col (6) divided by Col (5).
g/ Including San Bernardino, San Diego, and San Jose.

Note: See Appendix table A-3 for data on original store groupings.

stores than in large cities, large stores, and local chain stores, respectively. Prices paid by consumers are considerably higher in small stores and credit-delivery stores (except in the Central Valley) than in large stores and cash-and-carry stores, respectively, and somewhat higher in small cities than in large cities.

The above generalization as to differences indicates that variations in retail margins are not closely related to differences in spoilage losses or consumer prices. There is a definite tendency toward such a relation in the Sacramento and San Joaquin valleys, but very little tendency in Southern California and along the Coast.

Pre-retail Margins.--The spread between the price paid to the farmer and the price paid by retailers consists of the wholesaling margin, transportation charges, and packing and container costs. The relative importance of these three segments of the pre-retail marketing margin has already been indicated. It may be well, however, to supplement the preceding summary information with additional detail for the three sets of data used in deriving the figures shown in table 2.

Wholesaling margins, shown in table 6, averaged 30 cents per crate for wholesalers, 18½ cents for truck-jobbers, and 15½ cents for truckers.1/ Possibly the most striking fact revealed by these figures is the considerable variation in wholesalers' margins. The difference between the wholesaler's selling and purchase price is lowest in the large cities of Southern California, somewhat higher in the small cities of the state, and about one-third higher in the large cities of Northern California.

Table 7 summarizes packing and container costs for cantaloup, whether incurred by growers, grower-shippers, or by separate packers. It will be noted that these costs are almost 20 and 40 per cent lower, respectively, for grower-shippers and other growers than for packers. These data exclude harvesting and field-packing costs. Management income (net profit) is included for packers but not for growers and grower-shippers.

Costs incurred for transportation services averaged 43.2 cents per crate for the state as a whole. Such charges were slightly lower in Southern California than north of the Tehachapi Mountains--41.0 compared to 45.6 cents.

1/ The wholesaling margin of 34 cents indicated in table 4 represents the total cost for the wholesaling function. For many lots it includes handling by two or more dealers. Data in table 6, on the other hand, indicate the average cost for individual transactions.

TABLE 6

Wholesaling Margin[a] for Cantaloup, California, 1948 and 1949 Seasons

Dealer type and area	Margin (per crate of 32.7 melons)
	cents
Wholesaler	
Metropolitan Los Angeles	28.9
San Bernardino and San Diego	14.3
Metropolitan San Francisco and San Jose	36.1
Sacramento, Stockton and Fresno	33.4
Small cities	30.0
All California	30.2
Truck-jobber	
Southern California	18.7
Northern California	18.6
All California	18.6
Trucker	
Southern California	15.6
Northern California	15.6
All California	15.6

a/ Includes all charges, commissions, and brokerage fees, except transportation charges. When transportation was performed by the dealer himself, an estimate of this cost was made and deducted from the total margin.

TABLE 7

Packing and Container Costs[a] for Cantaloup, California, 1948 and 1949 Seasons

Producing area	Growers	Grower-Shippers	Packers
	cents per crate (of 32.7 melons)		
San Francisco Bay	--	--	141
Sacramento Valley	46	--	129
North San Joaquin Valley	41	73	100
South San Joaquin Valley	75	93	129
South Coast	37	67	
Imperial Valley	75	107	106
Palo Verde Valley	83	90	148
All California	70	91	112

a/ Excludes harvesting costs and costs for field packing. Management income (net profit) is included for packers but excluded for growers and grower-shippers.

APPENDIX A: PROCEDURES USED

The Store Sample: To obtain reliable information on channels of distribution and marketing costs, the sample of retail stores to be chosen was subjected to various controls--distribution of California population, income distribution within cities, store size, and type of store. In selecting the individual stores to be included particular attention was given to two considerations. It was desired to represent the entire geographic area of the state, exclusive of Alpine, Mono, and Inyo counties. This meant that stores located reasonably near main highways were chosen as a means of effectively utilizing the available time of the fieldmen doing the actual interviewing. In passing it should be noted that cities near major highways besides being conveniently located tend to be larger and, therefore, that more stores from such towns normally would be included in the sample. Secondly, the sample had to be limited to stores from which the required data would be given voluntarily and quickly because such information had to be secured directly from the store proprietor or manager. Actually very few of the stores contacted refused cooperation.

Furthermore, since distributive channels were to be determined and described, certain sampling rates were deliberately introduced. For example, remote geographic areas, including mostly small stores, were included, even though certain time periods were over-represented by this procedure. Yet in this way additional information was secured on channels of distributions--that probably are not functions of time. Limitation of time and personnel precluded collection of data in remote and sparsely settled areas of the state as frequently as in the more accessible areas. It was also felt that more effort should be spent in obtaining information on sources of supply and channels of distribution for retail stores in sparsely settled areas because there is likely to be a wider range of types of channels used in these regions.

Accordingly, two sets of retail stores were used. One, called the intensive sample, covered a smaller area and was visited twice a month. The other, designated the extensive sample, covered a wider area and was visited once every six weeks. Figure 2 (page 10) shows the geographic distribution of the 101 survey cities segregated into

three groups (Southern California, Coastal Northern California, and Central Valley region) for which separate interview routes were established. The cities and the number of retail stores included in the intensive and extensive samples of each of these three areas are listed separately in table A-1. These localities are arranged in the approximate order in which the successive stores were visited by the field representative in making his periodic visits.

A total of 66 retail stores in 22 cities was included in the intensive sample. Of these, 20 were located in Metropolitan San Francisco, 11 in Metropolitan Los Angeles, 19 in other large cities (with populations in excess of 50,000 inhabitants), and 16 in small cities.[1/] The extensive sample of 79 cities contained 117 retail stores. Only 5 of these stores were in large cities (Burbank and Glendale).

Stores located in Alpine, Mono, and Inyo counties and all farmers' roadside stands and restaurants were excluded. In addition, it was decided to not gather information from stores belonging to national chain store systems. Members of local chain store organizations, however, were included in the study.

On the basis of supplemental information collected, each store was classified according to its geographic location, volume of sales, and type in order to permit a determination of whether significant differences in prices, margins, and spoilage exist for different subgroups. Store size was determined according to sales of all fresh fruits and vegetables during 1948. Stores with sales of fresh fruits and vegetables in excess of $25,000 were classed as large stores; small stores included those with a lesser volume of sales. In addition, information was gathered to permit classifying each establishment as (1) an independent or a (local) chain store, (2) a fruit and vegetable or a grocery store, and (3) a credit-delivery or a cash-carry store.

1/ See Appendix B for definitions of city size, store types, and other terms.

TABLE A-1

Number and Location of the Sample Retail Stores

Area and city	Number stores	Area and city	Number stores	Area and city	Number stores
Intensive sample (visited twice each month, June-Sept.)					
Southern California		Central Valley		San Francisco Bay Area	
Los Angeles	7	Sacramento	5	San Francisco	10
Pasadena	2	Roseville	2	Oakland	5
Long Beach	2	Placerville	2	Berkeley	5
Santa Ana	1	Stockton	3	Palo Alto	2
San Bernardino	2	Tracy	1	San Jose	2
Riverside	2	Oakdale	1	Total	24
Escondido	1	Modesto	2		
San Diego	3	Merced	2		
Total	20	Fresno	4	Grand Total (for 22 cities)	66
		Total	22		
Extensive sample (visited once in July and once in Sept.)					
Southern California		San Joaquin Valley		Central Coast	
Ventura	2	Rio Vista	1	San Martin	1
Oxnard	1	Walnut Grove	1	Gilroy	1
Santa Paula	1	Galt	1	Hollister	2
San Fernando	2	San Andreas	1	Santa Cruz	3
Burbank	2	Sonora	1	Watsonville	3
Glendale	3	Turlock	1	Salinas	2
Banning	1	Gustine	1	Seaside	1
Corona	1	Los Banos	1	Monterey	1
Elsinore	1	Madera	2	Carmel	1
Fallbrook	1	Coalinga	1	Gonzales	1
Oceanside	1	Reedley	2	King City	1
Ramona	1	Dinuba	2	Paso Robles	2
Jacumba	1	Visalia	3	Atascadero	2
El Centro	2	Exeter	1	Santa Margarita	1
Brawley	2	Lindsay	1	San Luis Obispo	2
Indio	2	Porterville	2	Arroyo Grande	1
Total	24	Avenal	1	Santa Maria	2
		Wasco	1	Lompoc	2
		Taft	2	Total	29
		Bakersfield	3	North Coast	
		Total	29	San Rafael	2
		Sacramento Valley		Petaluma	1
		Fairfield	1	Santa Rosa	2
		Winters	1	Ukiah	2
		Woodland	2	Lakeport	1
		Auburn	1	Calistoga	1
		Grass Valley	1	Napa	2
		Marysville	2	Vallejo	2
		Williams	1	Concord	1
		Willows	1	Livermore	1
		Oroville	1	Total	15
		Chico	2		
		Orland	1		
		Corning	1		
		Red Bluff	2		
		Redding	2		
		Dunsmuir	1	Grand Total (for 79 cities)	117
		Total	20		

Data Collection: Four fieldmen devoted full time to gathering the data needed for this study. On each visit to a retail store the field representative secured (for each commodity included in the study[1]) information on: (1) the volume of last week's sales, (2) last week's loss due to waste and spoilage, (3) the purchase and selling price of the produce being displayed, and (4) the source of the store's supplies. The data supplied on last week's sales and loss were used to determine the spoilage factor and the relative weights to be attached to each store in the computation of weighted averages. Information on prices and sources of supply was utilized for determining gross margins of retailers and dealers and for indicating channels of distribution.

Retailers specified dealers from whom current supplies of fresh fruits and vegetables were secured. These dealers were interviewed to obtain information on their own prices and sources of supply. Suppliers of the first dealers, were then contacted to ascertain their prices and sources. This same procedure was repeated until the grower source was reached or until sources were traced back as far as possible. In the majority of cases the original source in the producing area could be ascertained.

By following the movement of each lot of supplies from the retail store back to the original producer it was possible to double check the prices reported at the various points of the distributive system and to consider prices for individual lots. Where identity of the individual lot could not be retained, prices were obtained for the commodity, of a similar quality, handled on the same day as that on which the lot in question was handled. Not much substitution of this type was necessary except where dealers made mistakes in recalling their sources of supply. Thus, margins (the differences between selling and purchase prices) could be determined directly for individual transactions without using average market prices.

Weighting System: The individual schedules provided the mass of information from which inferences were to be drawn regarding marketing channels and margins prevailing for California-produced fresh fruits and

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1/ The commodities included were fresh asparagus, cantaloup, carrots, celery, grapes, lettuce, oranges, peaches, pears, potatoes, and tomatoes.

vegetables sold within the state. It was desired to show this information by geographic location, city size, store size, and store type. For this purpose the data from individual schedules were combined into average prices, average margins, average spoilage losses, etc., in two ways. The initial step consisted of summarizing the data for all visits within each subgroup (for example, large grocery stores in Metropolitan San Francisco) using "last week's" sales as weights. In merging the original groups into larger groups (for example, all retail stores in Northern California), the weights used were estimated retail sales of all fresh fruits and vegetables during 1948.

The latter weights were secured on the basis of the distribution of California population in 1948 (as estimated by the U.S. Bureau of the Census) and on the distribution of sales of fresh fruits and vegetables among different store sizes and store types as obtained from the 1939 census of retail trade.1/

The percentage weights determined in this manner are shown in table A-2. It is estimated that in 1948 total California retail sales of fresh fruits and vegetables (exclusive of the area east of the Sierra Nevada Mountains) are distributed almost equally between Northern and Southern California (48.7 vs. 51.3 per cent). In Southern California 65 per cent of total sales occurs in large cities and 35 per cent in small cities compared to 46 and 54 per cent, respectively, in the northern portion of the state. A slightly larger volume of fresh fruits and vegetables is sold in small stores than in large stores located in the small cities of the state. In the large cities, especially in Southern California, however, a considerably smaller total volume of sales occurred in small stores.

1/ This determination was made in the following way:

1. Sales of fresh fruits and vegetables for the various geographic areas and certain store types (see Appendix B) in 1939 were converted to a per capita basis.
2. The estimated 1948 population for California was distributed among these areas according to the 1947 population distribution.
3. Dollar sales in 1948 were determined using the above information and assuming that retail prices in California increased during the decade (1939-1948) in the same ratio as U.S. prices, that per capita physical consumption remained unchanged, and that 1939 percentage distributions by store size and store type were applicable to 1948.

TABLE A-2

Estimated Distribution[a] of Fresh Fruits and Vegetables Sold at Retail, California, 1948

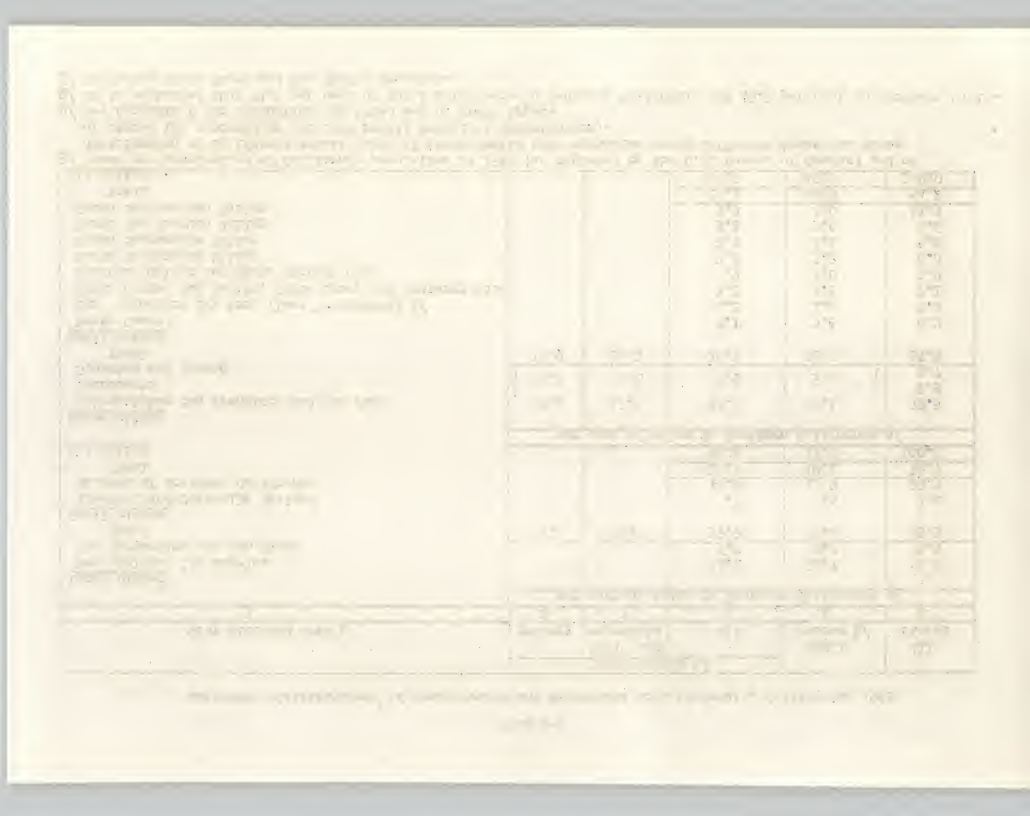
City size and area [b]	Large stores [b]			Small stores [b]	All stores
	grocery	fruit and vegetable	all		
1	2	3	4	5	6
	per cent of sales in Southern California [c]				
Large cities					
Metropolitan Los Angeles			34.1	21.7	55.8
San Bernardino and San Diego			5.8	3.7	9.5
Total	17.2	22.7	39.9	25.4	65.3
Small cities					
Imperial and Coachella Valleys			.5	.5	1.0
Balance of Southern California			15.8	17.9	33.7
Total			16.3	18.4	34.7
All cities			56.2	33.8	100.0
	per cent of sales in Northern California [c]				
Large cities					
Metropolitan San Francisco and San Jose	8.6	13.6	22.2	17.1	39.3
Sacramento	2.3	.6	2.9	3.6	2.8
Stockton and Fresno					3.7
Total	10.9	14.2	25.1	20.7	45.8
Small cities					
North Coast			3.1	3.6	6.7
San Francisco Bay Area (less 2 counties) [d]			4.2	4.6	8.8
Santa Clara, San Benito, Santa Cruz, and Monterey Cos.			3.3	3.8	7.1
San Luis Obispo and Santa Barbara Cos.			.9	1.0	1.9
North Sacramento Valley			2.8	3.2	6.0
South Sacramento Valley			2.7	3.1	5.8
North San Joaquin Valley			3.1	3.5	6.6
South San Joaquin Valley			5.3	6.0	11.3
Total			25.4	28.8	54.2
All cities			50.5	49.5	100.0

a/ Based on distribution of California population in 1948 (as reported by the U.S. Bureau of Census) and on distribution of California retail sales of fresh fruits and vegetables among different types and sizes of stores (as reported by the 1939 retail census of distribution).

b/ See Appendix B for definitions of areas and of store types.

c/ It is estimated that 51.3 per cent of total sales were in Southern California and 48.7 per cent in Northern Calif.

d/ Excluding Santa Clara and San Benito counties.



Distribution Channels: Three factors were expected to affect the source from which a retailer secured his supplies. Accordingly the sample stores were classified into 25 groups based on size of stores as measured by 1948 sales of fresh fruits and vegetables, the size of the city in which the store operates, and the geographic area where it is located.

For each category an estimate was made of the proportion of retailer's supplies coming from different sources (dealer or geographic). This estimate was obtained by recording the source of supply for the lot found in the retail store sampled on the day of the interview and weighting this source by last week's sales. It is believed that no significant error is introduced by this procedure, which assumes that there is no significant variation in the sources used by a retailer over the period of one week--even though a considerable change may occur over longer periods of time. Channel percentages leading to each dealer type (for example, wholesaler or truck-jobber) that is, for stages preceding the retail level, were obtained in a similar manner. This procedure was followed backwards in the marketing process until the original producer sources were encountered.

These data provide information for showing the relative volume of the commodity ultimately sold at retail which was handled by different dealer types. Average percentages for Southern California and for Northern California were computed using the weights specified in table A-2. The resulting composite figures were used in preparing the charts on marketing channels shown in figure 1 of the text. Tables 1 and 3 indicate the relative importance of different dealer types and of various producing areas in supplying retail stores in large and small cities of the three major California regions.

Marketing Margins: In classifying the sample stores into subgroups for purposes of deriving marketing margins the grouping used was different from that adopted for determining distribution channels. Larger geographic areas were established. The number of subgroups was increased, however, by making a further breakdown of large stores into grocery stores and fruit and vegetable stores and by classifying each store as an independent or a chain store and according to whether or not it offered some credit or delivery service.

Average retail prices, retail margins, and spoilage losses for the various subgroups were determined by combining the data obtained from the several individual store interview schedules for each category using "last week's" sales as weights. Table A-3 presents these results for all the groups together with the number of store visits and the volume reported. Data are also given for all store types in California, Southern California, and Northern California. These data are summarized for broader store groupings in table 5 of the text. Where larger categories of stores were established by merging the data for the original groups the percentage weights listed in table A-2 were used.

The gross margin for each dealer was taken to be the difference between his selling price (f.o.b. his premises) and his purchase price (delivered to his premises). Where the dealer performed the transportation himself a deduction for the estimated amount of the transportation cost was made. In addition, any brokerage fees paid were considered to be part of the wholesaler's margin. This procedure was followed in order to secure comparability as between wholesalers who employed independent brokers and those who employed their own salesmen.

Estimates of packing and container charges were obtained through personal interviews with growers, grower-shippers, and packers whose names were given in the tracing-back process previously described. "Farm production" is considered to include all costs up to the point where the commodity is brought to the farm gate or packing house door in a prepacked condition. Marketing costs are those expenses incurred subsequently. Harvesting costs, therefore, are considered to be an item of production costs. Where picking was performed by the party doing the packing an estimate for picking costs was made.

From these data it is possible to estimate the main cost components incurred in moving fresh produce from the grower to the consumer. This information is shown in text table 4 and figure 3. Tables 6 and 7 of the text summarize data on the wholesaling margin and on packing and container costs.

TABLE A-3

Spoilage Loss, Retail Price, and Retail Margin for Cantaloup Sold at Retail by Store Type and Area, California, 1948 and 1949 Seasons

Store type and area a/	Store visits b/	Volume reported c/	Average spoilage loss d/	Average retail price	Retail margin	
					average e/	as per cent of price f/
1	2	3	4	5	6	7
	number	crates	per cent	cents per pound		per cent
All store types						
California	576	9,329	8.3	13.7	4.4	32
Southern California	188	4,765	8.4	13.9	4.9	35
Northern California	388	4,564	8.2	13.6	3.8	28
Metropolitan Los Angeles, San Bernardino, and San Diego						
Credit or delivery	47	572	7.9	15.0	5.1	34
Cash and carry	80	2,908	7.9	13.4	5.0	37
Large-grocery	67	2,377	7.6	13.7	5.1	37
Large-fruit and vegetable	25	920	4.9	13.1	5.0	38
Small-all types	35	183	9.3	15.5	5.4	35
Metropolitan San Francisco and San Jose						
Credit or delivery	31	611	7.0	13.9	3.8	28
Cash and carry	66	1,594	8.7	12.3	3.8	31
Large-grocery	20	729	8.4	11.1	3.4	31
Large-fruit and vegetable	57	1,333	8.2	13.8	4.0	29
Small-all types	20	143	7.4	12.5	4.8	38
Sacramento, Stockton, and Fresno						
Credit or delivery	25	281	5.6	12.1	2.5	21
Cash and carry	43	391	5.1	14.9	4.8	32
Large-grocery	23	378	3.1	12.2	3.3	27
Large-fruit and vegetable	9	88	9.8	18.8	5.9	31
Small-all types	36	206	6.9	15.3	4.4	29
Small cities--Southern California						
Credit or delivery	23	178	8.5	16.7	4.9	29
Cash and carry	38	1,107	6.7	12.3	4.9	40
Large	44	1,230	6.6	12.8	5.0	39
Small	17	55	13.5	13.7	3.6	26

Continued--

Table A-3 Continued.

Store type and area a/	Store visits b/	Volume reported c/	Average spoilage loss d/	Average retail price	Retail margin	
					average e/	as per cent of price f/
1	2	3	4	5	6	7
	number	crates	per cent	cents per pound		per cent
Small cities--North and Central Coast						
Credit or delivery	56	388	11.2	14.7	4.4	30
Cash and carry	30	322	8.2	14.6	3.3	22
Large-North Coast	20	257	8.4	13.8	2.7	20
Large-Central Coast	33	274	10.5	15.4	5.7	37
Small-North Coast	9	53	10.3	14.3	2.0	14
Small-Central Coast	24	126	10.1	14.9	3.3	22
Small cities--Sacramento and San Joaquin Valleys						
Credit or delivery	90	494	8.3	14.0	3.3	24
Cash and carry	47	483	8.4	14.6	4.5	31
Large-Sacramento Valley	40	307	7.4	12.6	3.0	24
Large-San Joaquin Valley	46	492	8.9	15.6	4.5	29
Small-Sacramento Valley	18	56	6.0	14.6	4.4	30
Small-San Joaquin Valley	33	122	8.9	13.1	3.5	27
Independent credit-delivery stores						
Southern California	70	750	8.1	15.4	5.1	33
North and Central Coast	85	976	8.0	14.2	4.2	29
Sacramento and San Joaquin Valleys	105	734	7.3	13.2	3.0	23
Independent cash-carry stores						
Southern California	97	2,847	7.6	13.5	5.4	40
North and Central Coast	89	1,454	7.9	14.0	4.4	32
Sacramento and San Joaquin Valleys	84	726	5.9	14.1	4.6	33
Local chain stores						
Southern California	21	1,168	7.6	12.3	4.0	33
North and Central Coast	9	485	9.7	9.3	2.0	22
Sacramento and San Joaquin Valleys	16	189	9.9	17.5	4.5	26

a/ See Appendix B for definition of store types and areas.
b/ Number of usable field schedules collected on separate visits to retail stores (excluding reports with inadequate data and visits which indicated that no cantaloup were sold).
c/ Quantity sold during the "last week" (i.e., the week prior to the date of fieldman's visit).
d/ Proportion of cantaloup thrown away during the week due to waste or spoilage.
e/ The difference between the retail selling price and the retailer's purchase price.
f/ Computed from unrounded figures and may differ from col (6) divided by col (5).

APPENDIX B: DEFINITION OF TERMS

Two metropolitan areas are set up to include the cities of Los Angeles and San Francisco with their surrounding environments. The portion of California east of the Sierra Nevada Mountains (Alpine, Mono, and Inyo counties) was excluded from the study. The remainder of the state is divided into two major regions--Southern California and Northern California--by the Tehachapi Mountains. Northern California is further subdivided into two sub-regions of seven areas.

An arbitrary distinction is drawn between grower-shippers and growers. A "dealer" is defined so as to exclude retailers, producers, brokers, and common carriers. Four dealer categories are established--packers, wholesalers, truckers, and truck-jobbers.

Retail stores are classified according to volume of fresh fruits and vegetables sold, line of commodities handled, kind of business organization, and whether credit and delivery services are offered.

The precise definitions adopted for this study are listed below under three classifications.

GEOGRAPHIC AREAS

Metropolitan Los Angeles: The cities of Los Angeles, Pasadena, Burbank, Glendale, Santa Monica, and Long Beach.

Metropolitan San Francisco: The cities of San Francisco, Oakland, Berkeley, Richmond, and Alameda.

Large Cities: Cities with 50,000 or more inhabitants in 1948.

Small Cities: Cities with less than 50,000 inhabitants in 1948.

Southern California: The portion of California lying south of the Tehachapi Mountains and east of Santa Barbara County, but including the city of Santa Barbara and immediate environments--that is, including the seven counties of Ventura, Los Angeles, San Bernardino, Riverside, Orange, San Diego, and Imperial, and the city of Santa Barbara and its immediate environments.

Northern California: The portion of California lying north of the Tehachapi Mountains and west of Ventura County, but excluding the counties of Alpine, Mono, and Inyo and the city of Santa Barbara and immediate environments--that is, all of the state lying outside the area defined as Southern California, except the counties of Alpine, Mono, and Inyo which are excluded from the study. Northern California includes two sub-regions: Coastal Northern California (Central Coast, North Coast and San Francisco Bay Area) and the Central Valley (Sacramento Valley and San Joaquin Valley).

Central Coast: The four counties of Santa Cruz, Monterey, San Luis Obispo, and Santa Barbara, but excluding the city of Santa Barbara and immediate environments.

Section 6. Execution of Power

The Independent Agency may not act on its own behalf in the exercise of the Power of Attorney. [The Agency Administrator/Director] is the only person authorized to act for the Agency. Another person may not act for the Agency even if that person has been appointed by a court as guardian, conservator, or agent under a power of attorney for the Principal. The Principal's [or Principals'] signature(s) on the Power of Attorney [is/are] sufficient to authorize the Agency Administrator to exercise the Power. [Additional requirements for execution of the Power, if any, are listed below.]

[A Witness/Notary Public] is required to witness the Principal's signature on the Power of Attorney. [The Witness is not required to be a notary public.] [The Witness must not be related to the Principal by blood, marriage, or adoption, and must not be entitled to any part of the Principal's estate upon the Principal's death.]

[A Notary Public is required to witness the Principal's signature on the Power of Attorney. The Notary Public must not be related to the Principal by blood, marriage, or adoption, and must not be entitled to any part of the Principal's estate upon the Principal's death.]

[The Power of Attorney must be executed in the following manner:

_____

_____

_____.]

Section 7. Duties

The Agency has the following duties: [To notify a [Witness/Notary Public] when the Power of Attorney is executed, and to [Witness/Notary Public] the Principal's signature on the Power of Attorney.]

[To notify the Principal when the Agency has received property, interest, money, or benefits.]

[To keep the property of the Principal separate from the property of the Agency.]

[To maintain records of each action taken or decision made by the Agency while acting pursuant to the Power of Attorney.]

[To maintain records of each receipt, disbursement, or use by the Agency of property, interest, money, or benefits received by the Agency pursuant to the Power of Attorney.]

[To preserve the Principal's estate plan to the extent actually known by the Agency, if preserving the estate plan is consistent with the best interest of the Principal based on all relevant factors, including:

(1) the value and nature of the Principal's property;

(2) the Principal's foreseeable obligations and need for maintenance;

(3) minimization of income tax, estate tax, and gift tax of the Principal's estate;

(4) eligibility for a benefit, a program, or assistance for which the Principal reasonably appears to be interested by virtue of the Principal's actions or statements consistent with the estate plan;

(5) the Principal's personal history of making or joining in making awards, charitable contributions, and gifts; and

(6) the Principal's [significant] [known] [reasonably ascertainable] charitable intentions, including any bequests.]

[The Agency shall act loyally for the Principal's benefit and shall avoid conflicts that would impair the Agency's ability to act in the Principal's best interest.]

[The Agency shall act with care, competence, and diligence for the Principal's benefit.]

[The Agency shall keep the Power of Attorney confidential.]

[The Agency shall cooperate with any person that has authority to make health-care decisions for the Principal to do what the Agency knows the Principal expects of the person, or, if the Agency does not know the Principal's expectations, to act in the Principal's best interest.]

[The Agency shall attempt to preserve the Principal's [family] [business] [property] whenever consistent with the Principal's best interest based on all relevant factors, including:

(1) the wishes of the Principal, as expressed or indicated;

(2) the interests of the Principal's beneficiaries;

(3) the interest of maintaining a Principal's relationship with customers, employees, and business associates;

(4) the interest of the Principal in maintaining the Principal's property intact;

(5) the Principal's estate plan;

(6) the Principal's probable intent; and

(7) the best interest of the Principal's family.]

[The Agency shall attempt to minimize income, estate, and gift taxes of the Principal's estate.]

[The Agency shall attempt to avoid disqualification for a benefit, a program, or assistance which the Principal is receiving at the time of execution of the Power of Attorney.]

North Coast: The eight counties of Marin, Sonoma, Napa, Lake, Mendocino, Trinity, Humboldt, and Del Norte.

San Francisco Bay Area: The six counties of San Francisco, San Mateo, San Benito, Santa Clara, Alameda, and Contra Costa, and the city of Vallejo.

South Sacramento Valley: The five counties of Solano (excluding the city of Vallejo), Yolo, Sacramento, El Dorado, and Placer.

North Sacramento Valley: The thirteen counties north of South Sacramento Valley and east of North Coast.

South San Joaquin Valley: The five counties of Kern, Kings, Tulare, Fresno, and Madera.

North San Joaquin Valley: The seven counties of Merced, Stanislaus, San Joaquin, Mariposa, Tuolumne, Calaveras, and Amador.

DEALER TYPES

Grower: A producer who is actually engaged in growing operations on land (either owned or rented) where the commodity is produced and who does not operate a permanent packing shed. (He may pack produce by means of temporary facilities.)

Grower-Association: A cooperation association established for the purpose of marketing or processing fresh fruits and vegetables produced by grower members. (A group of growers working together in harvesting and marketing a crop and jointly sharing in the receipts is considered a grower-association, even though a formal association has not been legally established. As a guide, the field work was conducted subject to the rule that the informal group must include at least 10 producer members before it was classed as a grower-association.)

Grower-Shipper: A producer who also operates a permanent packing shed and who grows more than 50 per cent of the produce packed in this shed. (Usually a grower-shipper is a large producer.)

Retailer: A person whose principal business is to sell to individual consumers, but excluding any producer who sells directly to consumers, except where such producer has an established retail outlet which is his major business.

Broker: An agent who does not have title to or physical control of the produce, but who negotiates sales and receives a brokerage or commission fee.

Dealer: A person whose principal business is to buy produce on his own account or to receive produce on consignment and to sell it to others, except individual consumers. (This is a general term intended to include packers, wholesalers, truckers, and truck-jobbers and to exclude retailers and producers, and also brokers and common carriers who do not take title to produce.)

[illegible]

[illegible]

[illegible]

Packer: A dealer who assembles, packs, processes, loads, and/or ships produce, the major portion of such produce being bought from growers or handled for their account. (Usually he operates a permanent packing shed. If a party grows more than 50 per cent of the produce packed, he is classified as a Grower, Grower-Association, or Grower-Shipper and not as a Packer.)

Wholesaler: A dealer whose principal business is to receive produce, store it, and resell it to others at an established place of business. (He may buy either from growers or other dealers and may sell either to retailers or other dealers. He may perform delivery service but must have an established place of business. If a dealer has no such facilities, he is classified as a Truck-Jobber.)

Truck-Jobber: A dealer who buys primarily from wholesalers, carries a wide variety of items per truckload, and sells only to retailers at their door. (He may have storage facilities but does not sell on established premises. Usually a regular truck route is followed.)

Trucker: A dealer whose principal business is to buy produce in producing areas, transport it, and resell it either to retailers or other dealers. He handles only a few items per truckload. (He may operate a fleet of trucks. If a party does not buy the produce outright or take it on consignment, he is not considered a dealer but as a person hired to perform transportation services.)

STORE TYPES

Large store: A retail store with sales of fresh fruits and vegetables amounting to over $25,000 during 1948.

Small store: A retail store with sales of fresh fruits and vegetables amounting to $25,000 or less during 1948.

Fruit and vegetable store: A retail store whose principal business is to sell produce. (It may be a fruit and vegetable stand or store, or a leased department in a supermarket. The classification is according to management and operation and not building.)

Grocery store: Any other retail store handling fruits and vegetables.

Local Chain store: A single store unit of a group of retail stores, local to the area, centrally owned and with some degree of centralized control of operation. (Stores of national chain systems are excluded.)

Independent store: A retail store which is controlled by its own individual ownership or management rather than from without. (This designation refers to retail stores which are not units of national or local chain store systems.)

Credit-delivery store: A retail store offering credit and/or delivery services to its customers in connection with the sale of goods.

Cash-carry store: A retail store offering neither credit nor delivery services to its customers.